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ACTION ARA-01

INFO	LOG-00	ACDA-15	AID-01	AMAD-01	A-01	CA-02	CCO-00
	CIAE-00	SJK-01	CTME-00	C-01	DODE-00	DS-00	EB-01
	E-01	FBO-01	FRB-03	HA-09	H-01	IMMC-01	INRE-00
	INR-01	L-03	ADS-00	M-01	NSAE-00	NSCE-00	OCS-06
	OMB-01	OPR-01	PA-01	PM-01	PRS-01	P-01	SCT-03
	SNP-01	SP-01	SR-01	SSC-01	SSO-00	SS-01	TRSE-00
	T-01	USIE-00	USSS-00	/066W			

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O 081554Z FEB 92 ZFF4
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 8196
INFO USCINCSO QUARRY HTS PM
USDOC WASHDC

C O N F I D E N T I A L CARACAS 01359

USDOC FOR 3134/USFCS/OIO/RD/WH/RMILLER
AND 4331/IEP/WH/OSA/AD/HLINDOW

E.O. 12356: DECL:OADR
TAGS: PREL, EFIN, EINV, VE
SUBJECT: VENAMCHAM: FEBRUARY 4 COUP ATTEMPT TO HAVE NO
IMPACT ON PRESENT AND FUTURE INVESTMENT IN VENEZUELA

1. (U) SUMMARY. REPRESENTATIVES OF THE
VENEZUELAN-AMERICAN CHAMBER OF COMMERCE (VENAMCHAM) STATED
AT A FEBRUARY 7 PRESS CONFERENCE THAT THE FEBRUARY 4 COUP
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ATTEMPT WOULD HAVE NO IMPACT ON PRESENT AND FUTURE
INVESTMENTS IN VENEZUELA. A SUCCESSFUL COUP, ON THE OTHER
HAND, WOULD HAVE BEEN A DISASTER, THEY ADDED. END SUMMARY.

FAILED COUP WILL NOT AFFECT INVESTMENT

3. (U) VENAMCHAM VICE PRESIDENT ANTONIO HERRERA WAS
QUOTED IN THE FEBRUARY 8 MEDIA AS HAVING SAID AT HIS
ORGANIZATION'S PRESS CONFERENCE THE PREVIOUS DAY THAT THE
FEBRUARY 4 ATTEMPTED COUP WOULD HAVE NO IMPACT ON PRESENT
AND FUTURE INVESTMENT IN VENEZUELA. GIVEN THE RAPID

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: NORMAN M BOUTON
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RETURN TO THE STATUS QUO, HERRERA ADDED, INVESTORS KNOW THAT MEASURES TAKEN UNDER THE ECONOMIC REFORM PROGRAM ARE "SOLID AND RELIABLE ENOUGH TO CONTINUE WITH ANY INVESTMENT PLANS." AND, ALTHOUGH TOURISM MAY BE HURT SOMEWHAT IN THE SHORT TERM, THE COUP ATTEMPT WILL HAVE NO EFFECT ON IT IN THE LONG RUN. HERRERA ALSO SAID THAT IT SHOULD BE POSSIBLE TO MEET THE NEEDS OF LOW-INCOME FAMILIES. VENAMCHAM PRESIDENT STEPHEN FELLOWS ALSO SPOKE AT THE PRESS CONFERENCE, URGING THE GOVERNMENT TO CONCENTRATE ON STRENGTHENING THE COUNTRY'S INSTITUTIONS, PARTICULARLY ITS SYSTEM OF JUSTICE, AS A MEANS OF INCREASING INVESTOR CONFIDENCE IN VENEZUELA. THE RULES OF THE GAME ARE NOT CLEAR IN THE JUSTICE SYSTEM, HE ADDED.

A SUCCESSFUL COUP WOULD HAVE BEEN A DISASTER

4. (U) ON THE OTHER HAND, HERRERA OBSERVED, A SUCCESSFUL COUP WOULD HAVE BEEN A DISASTER FOR THE VENEZUELAN ECONOMY. "INVESTMENTS WOULD HAVE BEEN IN DANGER IF THE COUP HAD BEEN SUCCESSFUL. THE ECONOMIC CONSEQUENCES OF A
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COUP OF THIS NATURE WOULD HAVE BEEN INCALCULABLE IN TERMS OF THE FLIGHT OF CAPITAL," INCLUDING EXPATRIATED VENEZUELAN CAPITAL, WHICH HAS RECENTLY BEGUN TO COME BACK. IN ADDITION, HERRERA CONTINUED, INTEREST RATES AND THE EXCHANGE RATE WOULD HAVE "SHOT THROUGH THE ROOF."

COMMENT

5. (C) THE VENAMCHAM PRESS CONFERENCE AND SALOMON BROTHERS' REPORTED ASSESSMENT THAT THE COUP ATTEMPT DID NOT SERIOUSLY ENDANGER VENEZUELAN DEMOCRACY WILL HELP ASSURE NERVOUS FOREIGN AND DOMESTIC INVESTORS THAT THEIR MONEY IS SAFE IN VENEZUELA. THE PURPOSE OF THE PRESS CONFERENCE WAS PRECISELY TO ACHIEVE THAT EFFECT. AS FELLOWS NOTED, HOWEVER, THE GOVERNMENT NEEDS TO DO MORE TO CLARIFY THE RULES OF THE GAME. REFORM OF THE COUNTRY'S JUDICIAL SYSTEM WOULD BE A GOOD PLACE IN WHICH TO START.

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